

Nashua-Plainfield Community School District

Independent Auditor's Reports  
Basic Financial Statements  
And Supplementary Information  
Schedule of Findings

June 30, 2011

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# **Nashua-Plainfield Community School District**

## **Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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### **Board of Education**

Brian Bierschenk	President	2013
Gail Zwanziger	Vice President	2011
Lisa Franzen	Board Member	2013
Rhonda Poppe	Board Member	2013
Dawn Koob	Board Member	2011

### **School Officials**

Randy Strabala	Superintendent	2011
Michael Kalvig	District Secretary and Business Manager	2011
Gaylen Hassman	Attorney	2011

Independent Auditor's Report

To the Board of Education of  
Nashua-Plainfield Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Nashua-Plainfield Community School District, Nashua, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.


I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Nashua-Plainfield Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated March 27, 2012 on my consideration of Nashua-Plainfield Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 11 and 32 through 34 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nashua-Plainfield Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

 CPA PC  
Keith Oltrogge  
Certified Public Accountant

March 17, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Nashua-Plainfield Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2011 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$6,347,052 in fiscal 2010 to \$6,532,883 in fiscal 2011, while General Fund expenditures increased from \$6,198,366 in fiscal 2010 to \$6,347,674 in fiscal 2011. The District's General Fund balance increased from \$677,541 in fiscal 2010 to \$862,750 in fiscal 2011, a 27.3% increase.
- The increase in General Fund revenues was attributable to an increase in local and state sources in fiscal 2011. The increase in expenditures was due primarily to an increase in overall expenditures.
- The District's solvency ratio has increased from 9.1% at June 30, 2010 to 11.9% at June 30, 2011. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Nashua-Plainfield Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Nashua-Plainfield Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Nashua-Plainfield Community School District acts solely as an agent or custodian for the benefit of those outside of County government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the non-major governmental funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**  
**Nashua-Plainfield Community School District Annual Financial Report**

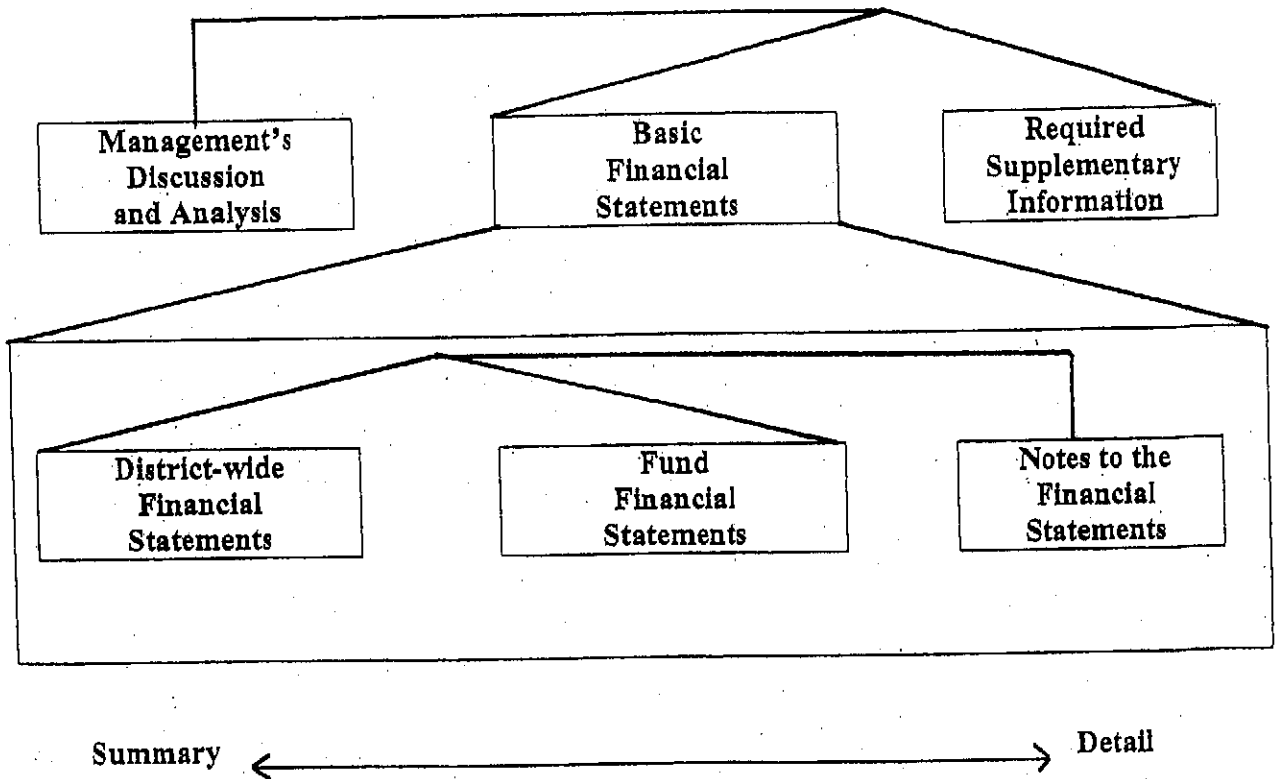


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2**  
**Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets	Balance sheet	Statement of net assets	Statement of fiduciary net assets
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	Statement of revenues, expenses and changes in fund net assets	Statement of changes in fiduciary net assets
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long- term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long- term	All assets and liabilities, both short- term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid



## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2011 compared to June 30, 2010.

**Figure A-3**  
**Condensed Statement of Net Assets**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Current and other assets	\$5,433,748	\$5,111,732	\$66,521	\$59,493	\$5,500,269	\$5,171,225	6.4%
Capital assets	3,527,079	3,294,111	43,510	39,412	3,570,589	3,333,523	7.1%
Total assets	\$8,960,827	\$8,405,843	\$110,031	\$98,905	\$9,070,858	\$8,504,748	6.7%
Long-term liabilities	\$2,736	\$3,353	\$-	\$-	\$2,736	\$3,353	-18.4%
Other liabilities	3,701,377	3,569,865	28,055	24,582	3,729,432	3,594,447	3.8%
Total liabilities	\$3,704,113	\$3,573,218	\$28,055	\$24,582	\$3,732,168	\$3,597,800	3.7%
Net assets:							
Invested in capital assets, net of related debt	\$3,527,079	\$3,294,111	\$43,510	\$39,412	\$3,570,589	\$3,333,523	7.1%
Restricted	975,857	563,587	-	-	975,857	563,587	73.2%
Unrestricted	753,778	974,927	38,466	34,911	792,244	1,009,838	-21.5%
Total net assets	\$5,256,714	\$4,832,625	\$81,976	\$74,323	\$5,338,690	\$4,906,948	8.8%

The District's combined net assets increased by nearly 8.8%, or \$431,742, over the prior year. The largest portion of the District's net assets is in the "invested in capital assets (e.g., buildings and equipment), less the related debt".

Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$412,270, or 73.2%, over the prior year. The increase was primarily due to the reclassification of unrestricted net assets.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased by \$217,594, or 21.5%. The decrease was primarily due to the reclassification of net assets.

Figure A-4 shows the change in net assets for the year ended June 30, 2011 compared to the year ended June 30, 2010.

**Figure A-4**  
**Changes in Net Assets**

	Governmental Activities		Business Type Activities		Total District		Total Change
	2011	2010	2011	2010	2011	2010	2010-2011
Revenues:							
Program revenues:							
Charges for service	\$453,076	\$448,680	\$166,837	\$173,657	\$619,913	\$622,337	-0.4%
Operating grants, contributions and restricted interest	1,062,657	1,502,681	165,420	168,422	1,228,077	1,671,103	-26.5%
Capital grants, contributions and restricted interest	12,487	31,883	-	-	12,487	31,883	-60.8%
General revenues:							
Property tax	2,761,589	2,566,464	-	-	2,761,589	2,566,464	7.6%
Statewide sales, service and use tax	484,693	459,450	-	-	484,693	459,450	5.5%
Unrestricted state grants	2,683,444	2,304,095	-	-	2,683,444	2,304,095	16.5%
Unrestricted investment earnings	16,929	22,431	411	414	17,340	22,845	-24.1%
Other	116,032	19,109	-	-	116,032	19,109	607.2%
Total revenues	\$7,590,907	\$7,354,793	\$332,668	\$342,493	\$7,923,575	\$7,697,286	2.93%
Program expenses:							
Governmental activities:							
Instruction	\$4,938,622	\$4,828,836	\$-	\$-	\$4,938,622	\$4,828,836	2.3%
Support services	1,843,296	1,794,815	-	-	1,843,296	1,794,815	2.7%
Non-instructional programs	4,233	5,018	325,015	327,332	329,248	332,350	-0.9%
Other expenses	380,667	393,899	-	-	380,667	393,899	3.4%
Total expenses	\$7,166,818	\$7,022,568	\$325,015	\$327,332	\$7,491,833	\$7,349,900	1.9%
Change in net assets	\$424,089	\$332,225	\$7,653	\$15,161	\$431,742	\$347,386	24.3%

In fiscal year 2011, property tax and unrestricted state grants accounted for 68.7% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.9% of business type activities revenue.

The District's total revenues were approximately \$7.9 million, of which approximately \$7.6 million was for governmental activities and less than \$0.3 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.93% increase in revenues and a 1.9% increase in expenses. Property tax increased approximately \$195,100 to fund the increase in expenses. The increase in expenses is related to increases in the negotiated salaries and benefits.

#### Governmental Activities

Revenues for governmental activities were \$7,590,907 and expenses were \$7,166,818 for the year ended June 30, 2011. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2011 compared to the year ended June 30, 2010.

**Figure A-5**  
**Total and Net Cost of Governmental Activities**

	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-2011	2011	2010	Change 2010-2011
Instruction	\$4,938,622	\$4,828,836	2.3%	\$3,463,469	\$2,883,795	20.1%
Support services	1,843,296	1,794,815	2.7%	1,802,716	1,788,495	0.8%
Non-instructional programs	4,233	5,018	-15.7%	4,233	5,018	-15.7%
Other expenses	380,667	393,899	-3.4%	368,180	362,016	1.7%
Totals	\$7,166,818	\$7,022,568	2.1%	\$5,638,598	\$5,039,324	29.8%

For the year ended June 30, 2011:

- The cost financed by users of the District's programs was \$619,913.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,228,077.
- The net cost of governmental activities was financed with \$3,246,282 in property and other taxes and \$2,683,444 in unrestricted state grants.

### **Business Type Activities**

Revenues for business type activities were \$332,668 and expenses were \$325,015. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

### **INDIVIDUAL FUND ANALYSIS**

As previously noted, Nashua-Plainfield Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,732,371, well above last year's ending fund balances of \$1,541,867.

### **Governmental Fund Highlights**

- The General Fund balance increased from \$677,541 to \$862,750 due to the increase in state sources.
- The Capital Projects Fund balance increased from \$553,820 to \$590,390 due to the increase in revenue from local sources.

### **Proprietary Fund Highlights**

- School Nutrition Fund net assets increased from \$74,323 at June 30, 2010 to \$81,976 at June 30, 2011, representing an increase of approximately 10.3%.

### **BUDGETARY HIGHLIGHTS**

The District's receipts were \$58,590 more than budgeted receipts, a variance of 0.7%. The most significant variance resulted from the District receiving less from state sources than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2011, the District had invested \$3,527,079, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 7.1% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$402,067.

The original cost of the District's capital assets was \$12,185,554. Governmental funds account for \$12,110,784, with the remainder of \$74,770 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the land category. The District purchased 3 lots for future use.

**Figure A-6**  
**Capital Assets, net of Depreciation**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Land	\$515,486	\$266,196	\$-	\$-	\$515,486	\$266,196	93.6%
Buildings	2,081,995	2,119,423	-	-	2,081,995	2,119,423	-1.8%
Improvements other than buildings	200,294	213,876	-	-	200,294	213,876	-6.4%
Furniture and equipment	729,304	694,616	43,510	39,412	772,814	734,028	5.3%
Totals	\$3,527,079	\$3,294,111	\$43,510	\$39,412	\$3,570,589	\$3,333,523	7.1%

### Long-term Debt

At June 30, 2011, the District had no outstanding debt.

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was unaware of any existing circumstances that could significantly affect its financial health in the future except for the following:

- Certified enrollment has decreased 34 student over the past 4 years. Decreases in enrollment lead to reduced state funding.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Michael Kalvig, District Secretary and Business Manager, Nashua-Plainfield Community School District, 612 Greeley Street, Nashua IA 50658.

## **Basic Financial Statements**

## Nashua-Plainfield Community School District

## Statement of Net Assets

June 30, 2011

	Govern- mental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 2,269,846	\$ 55,761	\$ 2,325,607
Receivables:			
Property tax:			
Delinquent	35,161	-	35,161
Succeeding year	2,578,164	-	2,578,164
Accounts	47,002	907	47,909
Due from other governments	489,536	-	489,536
Prepaid expenses	14,039	58	14,097
Inventories	-	9,795	9,795
Capital assets, net of accumulated depreciation	3,527,079	43,510	3,570,589
<b>Total Assets</b>	<b>\$ 8,960,827</b>	<b>\$ 110,031</b>	<b>\$ 9,070,858</b>
<b>Liabilities</b>			
Accounts payable	\$ 117,733	\$ 1,656	\$ 119,389
Salaries and benefits payable	611,830	20,329	632,159
Deferred revenue-succeeding year property tax	2,578,164	-	2,578,164
Deferred revenue-other	393,650	6,070	399,720
Long-term liabilities:			
Portion due after one year:			
Net OPEB liability	2,736	-	2,736
<b>Total Liabilities</b>	<b>\$ 3,704,113</b>	<b>\$ 28,055</b>	<b>\$ 3,732,168</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 3,527,079	\$ 43,510	\$ 3,570,589
Restricted for:			
Categorical funding	106,236	-	106,236
Management levy purposes	117,687	-	117,687
Physical plant and equipment	172,178	-	172,178
Student activities	161,544	-	161,544
Capital projects	418,212	-	418,212
Unrestricted	753,778	38,466	792,244
<b>Total Net Assets</b>	<b>\$ 5,256,714</b>	<b>\$ 81,976</b>	<b>\$ 5,338,690</b>

See notes to financial statements.

**Nashua-Plainfield Community School District**

**Statement of Activities**

**Year Ended June 30, 2011**

<b>Functions/Programs</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants, Contributions and Restricted Interest</b>	<b>Capital Grants, Contributions and Restricted Interest</b>
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular instruction	\$ 3,436,034	\$ 98,237	\$ 845,606	\$ -
Special instruction	636,783	61,078	183,245	-
Other instruction	865,805	257,497	29,490	-
	<u>\$ 4,938,622</u>	<u>\$ 416,812</u>	<u>\$ 1,058,341</u>	<u>\$ -</u>
<b>Support Services:</b>				
Student services	\$ 229,652	\$ -	\$ 4,316	\$ -
Instructional staff services	133,795	-	-	-
Administration services	651,199	35,554	-	-
Operation and maintenance of plant services	448,543	710	-	-
Transportation services	380,107	-	-	-
	<u>\$ 1,843,296</u>	<u>\$ 36,264</u>	<u>\$ 4,316</u>	<u>\$ -</u>
<b>Non-instructional programs</b>	<u>\$ 4,233</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Other Expenditures:</b>				
Facilities acquisition	\$ 88,409	\$ -	\$ -	\$ 12,487
AEA flow-through	292,258	-	-	-
	<u>\$ 380,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,487</u>
<b>Total Governmental Activities</b>	<u>\$ 7,166,818</u>	<u>\$ 453,076</u>	<u>\$ 1,062,657</u>	<u>\$ 12,487</u>
<b>Business Type Activities:</b>				
<b>Non-Instructional Programs:</b>				
Food service operations	\$ 325,015	\$ 166,837	\$ 165,420	\$ -
<b>Total</b>	<u>\$ 7,491,833</u>	<u>\$ 619,913</u>	<u>\$ 1,228,077</u>	<u>\$ 12,487</u>

See notes to financial statements.



Net (Expense) Revenue  
And Changes in Net Assets

Governmental Activities		Business Type Activities		Total
\$	-2,492,191	\$	-	\$ -2,492,191
	-392,460		-	-392,460
	-578,818		-	-578,818
\$	-3,463,469	\$	-	\$ -3,463,469
\$	-225,336	\$	-	\$ -225,336
	-133,795		-	-133,795
	-615,645		-	-615,645
	-447,833		-	-447,833
	-380,107		-	-380,107
\$	-1,802,716	\$	-	\$ -1,802,716
\$	-4,233	\$	-	\$ -4,233
\$	-75,922	\$	-	\$ -75,922
	-292,258		-	-292,258
\$	-368,180	\$	-	\$ -368,180
\$	-5,638,598	\$	-	\$ -5,638,598
\$	-	\$	7,242	\$ 7,242
\$	-5,638,598	\$	7,242	\$ -5,631,356

**Nashua-Plainfield Community School District**

**Statement of Activities**

**Year Ended June 30, 2011**

	Program Revenues		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses			

**General Revenues:**

Property Tax Levied For:

General purposes

Capital outlay

Statewide sales, services and use tax

Unrestricted state grants

Unrestricted investment earnings

Other

Total General Revenues

Change in net assets

Net assets beginning of year

Net Assets End of Year

See notes to financial statements.

Net (Expense) Revenue  
And Changes in Net Assets

Governmental Activities		Business Type Activities	Total
\$	2,634,016	\$ -	\$ 2,634,016
	127,573	-	127,573
	484,693	-	484,693
	2,683,444	-	2,683,444
	16,929	411	17,340
	116,032	-	116,032
\$	6,062,687	\$ 411	\$ 6,063,098
\$	424,089	\$ 7,653	\$ 431,742
	4,832,625	74,323	4,906,948
\$	5,256,714	\$ 81,976	\$ 5,338,690

## Nashua-Plainfield Community School District

Balance Sheet  
Governmental Funds

June 30, 2011

	General	Capital Projects	Non-major	Total
<b>Assets</b>				
Cash and Pooled Investments	\$ 1,467,007	\$ 526,025	\$ 276,814	\$ 2,269,846
Receivables:				
Property Tax:				
Delinquent	32,040	1,837	1,284	35,161
Succeeding year	2,294,519	133,644	150,001	2,578,164
Accounts	45,884	-	1,118	47,002
Due from other governments	393,916	95,620	-	489,536
Prepaid expenses	12,917	-	1,122	14,039
<b>Total Assets</b>	<b>\$ 4,246,283</b>	<b>\$ 757,126</b>	<b>\$ 430,339</b>	<b>\$ 5,433,748</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 83,534	\$ 33,092	\$ 1,107	\$ 117,733
Salaries and benefits payable	611,830	-	-	611,830
Deferred Revenue:				
Succeeding year property tax	2,294,519	133,644	150,001	2,578,164
Other	393,650	-	-	393,650
<b>Total Liabilities</b>	<b>\$ 3,383,533</b>	<b>\$ 166,736</b>	<b>\$ 151,108</b>	<b>\$ 3,701,377</b>
Fund Balances:				
Restricted for:				
Categorical funding	\$ 106,236	\$ -	\$ -	\$ 106,236
Management levy purposes	-	-	117,687	117,687
Student activities	-	-	161,544	161,544
School infrastructure	-	418,212	-	418,212
Physical plant and equipment	-	172,178	-	172,178
Unassigned	756,514	-	-	756,514
<b>Total Fund Balances</b>	<b>\$ 862,750</b>	<b>\$ 590,390</b>	<b>\$ 279,231</b>	<b>\$ 1,732,371</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,246,283</b>	<b>\$ 757,126</b>	<b>\$ 430,339</b>	<b>\$ 5,433,748</b>

See notes to financial statements.

## Nashua-Plainfield Community School District

Reconciliation of the Balance Sheet – Governmental Funds  
To the Statement of Net Assets

June 30, 2011

Total fund balances of governmental funds (page 15)	\$ 1,732,371
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	3,527,079
Long-term liabilities, including early retirement, are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>-2,736</u>
Net assets of governmental activities (page 12)	<u>\$ 5,256,714</u>

See notes to financial statements.

## Nashua-Plainfield Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year Ended June 30, 2011

	General	Capital Projects	Non-Major	Total
Revenues:				
Local Sources:				
Local tax	\$ 2,544,004	\$ 612,266	\$ 90,012	\$ 3,246,282
Tuition	144,410	-	-	144,410
Other	98,532	85,075	258,020	441,627
Intermediate sources	-	-	-	-
State sources	3,423,150	96	68	3,423,314
Federal sources	322,787	12,487	-	335,274
Total Revenues	\$ 6,532,883	\$ 709,924	\$ 348,100	\$ 7,590,907
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 3,116,978	\$ 6,652	\$ 110,201	\$ 3,233,831
Special instruction	630,871	-	-	630,871
Other instruction	623,781	-	218,992	842,773
	\$ 4,371,630	\$ 6,652	\$ 329,193	\$ 4,707,475
Support Services:				
Student services	\$ 228,965	\$ -	\$ 687	\$ 229,652
Instructional staff services	125,549	113,775	151	239,475
Administration services	643,398	1,175	1,732	646,305
Operation and maintenance of plant services	400,074	6,657	29,135	435,866
Transportation services	285,800	75,420	14,525	375,745
	\$ 1,683,786	\$ 197,027	\$ 46,230	\$ 1,927,043
Non-instructional programs	\$ -	\$ 10,281	\$ 3,952	\$ 14,233
Other Expenditures:				
Facilities acquisition	\$ -	\$ 459,394	\$ -	\$ 459,394
AEA flow-through	292,258	-	-	292,258
	\$ 292,258	\$ 459,394	\$ -	\$ 751,652
Total Expenditures	\$ 6,347,674	\$ 673,354	\$ 379,375	\$ 7,400,403
Excess (deficiency) of revenue over (under) expenditures	\$ 185,209	\$ 36,570	\$ -31,275	\$ 190,504
Fund balances beginning of year, as restated	677,541	553,820	310,506	1,541,867
Fund Balances End of Year	\$ 862,750	\$ 590,390	\$ 279,231	\$ 1,732,371

See notes to financial statements.

## Nashua-Plainfield Community School District

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances – Governmental Funds  
To the Statement of Activities**

**Year Ended June 30, 2011**

**Net change in fund balances – total governmental funds (page 17)** \$ 190,504

*Amounts reported for governmental activities in the Statement of Activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 628,804	
Depreciation expense	<u>-395,836</u>	232,968

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	\$ 830	
Other postemployment benefits	<u>-213</u>	617

**Change in Net Assets of Governmental Activities (page 14)** \$ 424,089

## Nashua-Plainfield Community School District

Statement of Net Assets  
Proprietary Fund

June 30, 2011

	<u>School Nutrition</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 55,761
Accounts receivable	907
Prepaid expenses	58
Inventories	9,795
Capital assets, net of accumulated depreciation	43,510
<b>Total Assets</b>	<u>\$ 110,031</u>
<b>Liabilities</b>	
Accounts payable	\$ 1,656
Salaries and benefits payable	20,329
Deferred revenue	6,070
	<u>\$ 28,055</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	\$ 43,510
Unrestricted	38,466
<b>Total Net Assets</b>	<u>\$ 81,976</u>

See notes to financial statements.



**Nashua-Plainfield Community School District**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Fund**

**Year Ended June 30, 2011**

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 166,837
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	\$ 114,916
Benefits	17,472
Purchased services	6,426
Supplies	179,970
Depreciation	6,231
Total operating expenses	\$ 325,015
Operating loss	\$ -158,178
Non-operating revenues:	
State sources	\$ 3,174
Federal sources	162,246
Interest income	411
Total non-operating revenues	\$ 165,831
Change in net assets	\$ 7,653
Net assets beginning of year	74,323
Net Assets End of Year	\$ 81,976

See notes to financial statements.

## Nashua-Plainfield Community School District

Statement of Cash Flows  
Proprietary Fund

Year Ended June 30, 2011

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 166,585
Cash paid to employees for services	-130,293
Cash paid to suppliers for goods or services	-160,479
Net cash used by operating activities	<u>\$ -124,187</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 3,174
Federal grants received	136,201
Net cash provided by non-capital financing activities	<u>\$ 139,375</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 411</u>
Cash flows from capital and financing activities:	
Acquisition of capital assets	<u>\$ -10,329</u>
Net increase in cash and cash equivalents	\$ 5,270
Cash and cash equivalents beginning of year	<u>50,491</u>
Cash and Cash Equivalents End of Year	<u>\$ 55,761</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ -158,178
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	26,045
Depreciation	6,231
(Increase) in inventories	-1,645
(Increase) in accounts receivable	-118
Increase in accounts payable	1,444
Increase in salaries and benefits payable	2,090
Decrease in prepaid expenses	5
(Decrease) in deferred revenue	-61
Net Cash Used by Operating Activities	<u>\$ -124,187</u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2011, the District received \$26,045 of federal commodities.

See notes to financial statements.

## Nashua-Plainfield Community School District

### Notes to Financial Statements

June 30, 2011

#### (1) Summary of Significant Accounting Policies

Nashua-Plainfield Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Nashua and Plainfield, Iowa and portions of the predominately agricultural territories in Chickasaw, Butler, Bremer and Floyd Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis. The Plainfield attendance center houses classes for Grades 5-8. Grades K-4 and 9-12 attend the Nashua attendance centers.

The District's financial statements are prepared in conformity with U. S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

##### A. Reporting Entity

For financial reporting purposes, Nashua-Plainfield Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Nashua-Plainfield Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

##### B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in other spendable classifications.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2011, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$109,527 pursuant to Rule 2A-7 under the Investment Company Act of 1940.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

(3) **Capital Assets**

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 266,196	\$ 249,290	\$ -	\$ 515,486
Total capital assets not being depreciated	\$ 266,196	\$ 249,290	\$ -	\$ 515,486
Capital assets being depreciated:				
Buildings	\$ 6,069,719	\$ 78,310	\$ -	\$ 6,148,029
Improvements other than buildings	424,485	3,551	-	428,036
Furniture and equipment	4,721,580	297,653	-	5,019,233
Total capital assets being depreciated	\$ 11,215,784	\$ 379,514	\$ -	\$ 11,595,298
Less accumulated depreciation for:				
Buildings	\$ 3,950,296	\$ 115,738	\$ -	\$ 4,066,034
Improvements other than buildings	210,609	17,133	-	227,742
Furniture and equipment	4,026,964	262,965	-	4,289,929
Total accumulated depreciation	\$ 8,187,869	\$ 395,836	\$ -	\$ 8,583,705
Total capital assets being depreciated, net	\$ 3,027,915	\$ -16,322	\$ -	\$ 3,011,593
Governmental Activities Capital Assets, Net	\$ 3,294,111	\$ 232,968	\$ -	\$ 3,527,079

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
<b>Business type activities:</b>				
Furniture and equipment	\$ 64,441	\$ 10,329	\$ -	\$ 74,770
Less accumulated depreciation	25,029	6,231	-	31,260
Business Type Activities Capital Assets, Net	\$ 39,412	\$ 4,098	\$ -	\$ 43,510

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$ 246,266
Other	43,289
Special	5,912

Support services:

Administration	4,884
Operation and maintenance of plant	16,634
Transportation	78,851

Total Depreciation Expense – Governmental Activities

\$ 395,836

Business Type Activities:

Food service operations	\$ 6,231
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(4) **Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2011 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Early retirement	\$ 830	\$ 98,217	\$ 99,047	\$ -	\$ -
Net OPEB liability	2,523	213	-	2,736	-
	<u>\$ 3,353</u>	<u>\$ 98,430</u>	<u>\$ 99,047</u>	<u>\$ 2,736</u>	<u>\$ -</u>

**Early Retirement**

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be age fifty-five or older and must have completed fifteen years of service to the District, or be age of fifty-five or older and the sum of whose age combined with years of service as defined by IPERS equals or exceeds 88. Employees must complete an application, which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 100% of the difference between the current year hiring base (BA Step 1) and the participating employee's current salary excluding extra-curricular, extended contract days, teacher quality, teacher compensation, and extra class payments. The participating employee will also receive \$300 for each year of service in the Nashua-Plainfield District, the Plainfield District, and/or the Nashua District. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the Special Revenue, Management Levy Fund. A liability has been recorded in the Governmental Activities long-term debt section which represents the District's commitment to fund non-current early retirement.

(5) **Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P. O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered payroll for the years ended June 30, 2011, 2010 and 2009. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$305,757, \$289,955 and \$279,050, respectively, equal to the required contributions for each year.

(6) **Other Postemployment Benefits (OPEB)**

**Plan description** – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 115 active, 97 waived coverage for a total of 18 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

**Funding Policy** – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

**Annual OPEB Cost and Net OPEB Obligation** – The District’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2011; the amount actually contributed to the plan and changes in the District’s net OPEB obligations:

Annual required contribution	\$	9,897
Interest on net OPEB obligation		63
Adjustment to annual required contribution		-1,100
Annual OPEB cost	\$	8,860
Contributions made		-8,647
Increase in net OPEB obligation	\$	213
Net OPEB obligation beginning of year		2,523
Net OPEB obligation end of year	\$	2,736

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$26,907 to the medical plan. Plan members eligible for benefits contributed \$132,490, or 83% of the premium costs.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$9,444	73.3%	\$2,523
June 30, 2011	\$9,897	87.4%	\$2,736

**Funded Status and Funding Progress** – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011 the actuarial accrued liability was \$104,434, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$104,434. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$819,700 and the ratio of the UAAL to covered payroll was 12.7%. As of June 30, 2011, there were no trust fund assets.

**Actuarial Methods and Assumptions** – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$218.30 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(7) Risk Management**

Nashua-Plainfield Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(8) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$292,258 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(9) Categorical Funding**

The District's reserved fund balance for categorical funding at June 30, 2011 is comprised of the following programs:

Program	Amount
Limited English Proficiency	\$ 1,332
Preschool Grant	56,740
Talented and Gifted	7,107
Teacher Mentor	770
Market Factor	2,502
Core Curriculum	27,501
Professional Development	10,284
Total	<u>\$ 106,236</u>

**(10) Subsequent Events**

The District has evaluated subsequent events through March 27, 2012 which is the date that the financial statements were available to be issued.

(11) **Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Capital Projects	Special Revenue, Physical Plant and Equipment Levy
Balances June 30, 2010, as previously reported	\$ 410,782	\$ 143,038
Change in fund type classification per implementation of GASB Statement No. 54	143,038	-143,038
Balances July 1, 2010, as restated	\$ 553,820	\$ -

## **Required Supplementary Information**

**Nashua-Plainfield Community School District**

**Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –  
Budget and Actual – All Governmental Funds and Proprietary Fund**

**Required Supplementary Information**

**Year Ended June 30, 2011**

	Governmental Funds Actual	Proprietary Fund Actual
Receipts:		
Local sources	\$ 3,832,319	\$ 167,248
Intermediate sources	-	-
State sources	3,423,314	3,174
Federal sources	335,274	162,246
Total Receipts	<u>\$ 7,590,907</u>	<u>\$ 332,668</u>
Disbursements:		
Instruction	\$ 4,707,475	\$ -
Support services	1,927,043	-
Non-instructional programs	14,233	325,015
Other expenditures	751,652	-
Total Disbursements	<u>\$ 7,400,403</u>	<u>\$ 325,015</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	\$ 190,504	\$ 7,653
Balance beginning of year	<u>1,541,867</u>	<u>74,323</u>
Balance End of Year	<u>\$ 1,732,371</u>	<u>\$ 81,976</u>

See accompanying independent auditor's report.

	Total Actual		Budgeted Amounts		Final to Actual Variance
\$	3,999,567	\$	3,778,902	\$	220,665
	-		-		-
	3,426,488		3,721,083		-294,595
	497,520		365,000		132,520
\$	7,923,575	\$	7,864,985	\$	58,590
\$	4,707,475	\$	4,944,000	\$	236,525
	1,927,043		2,006,250		79,207
	339,248		354,000		14,752
	751,652		1,006,344		254,692
\$	7,725,418	\$	8,310,594	\$	585,176
\$	198,157	\$	-445,609	\$	643,766
	1,616,190		1,119,172		497,018
\$	1,814,347	\$	673,563	\$	1,140,784

**Nashua-Plainfield Community School District**

**Notes to Required Supplementary Information – Budgetary Reporting**

**Year Ended June 30, 2011**

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.



**Nashua-Plainfield Community School District**

**Schedule of Funding Progress for the  
Retiree Health Plan**

**Required Supplementary Information**

**June 30, 2011**

<b>Year Ended June 30,</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
2010	July 1, 2009	-	\$118,315	\$118,315	0.0%	\$824,409	14.4%
2011	July 1, 2009	-	\$104,434	\$104,434	0.0%	\$819,674	12.7%

See Note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

## **Other Supplementary Information**

## Nashua-Plainfield Community School District

Combining Balance Sheet  
Non-Major Funds

June 30, 2011

	Special Revenue		
	Management Levy	Student Activity	Total
<b>Assets</b>			
Cash and pooled investments	\$ 114,199	\$ 162,615	\$ 276,814
Receivables:			
Property Tax:			
Delinquent	1,284	-	1,284
Succeeding year	150,001	-	150,001
Accounts	1,082	36	1,118
Prepaid expenses	1,122	-	1,122
<b>Total Assets</b>	<b>\$ 267,688</b>	<b>\$ 162,651</b>	<b>\$ 430,339</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	\$ 1,107	\$ 1,107
Deferred Revenue:			
Succeeding year property tax	150,001	-	150,001
Total Liabilities	\$ 150,001	\$ 1,107	\$ 151,108
Fund Balance:			
Management levy purposes	117,687	-	117,687
Student activities	-	161,544	161,544
Total fund balances	\$ 117,687	\$ 161,544	\$ 279,231
<b>Total Liabilities and Fund Balances</b>	<b>\$ 267,688</b>	<b>\$ 162,651</b>	<b>\$ 430,339</b>

See accompanying independent auditor's report.

**Nashua-Plainfield Community School District**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Non-Major Funds**

**Year Ended June 30, 2011**

	<u>Special Revenue</u>		
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Total</u>
Revenues:			
Local Sources:			
Local tax	\$ 90,012	\$ -	\$ 90,012
Other	11,291	246,729	258,020
State sources	68	-	68
Total Revenues	<u>\$ 101,371</u>	<u>\$ 246,729</u>	<u>\$ 348,100</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	\$ 110,201	\$ -	\$ 110,201
Other instruction	-	218,992	218,992
Support Services:			
Student support services	687	-	687
Instructional staff service	151	-	151
Administration services	1,732	-	1,732
Operation & maintenance of plant services	29,135	-	29,135
Transportation services	14,525	-	14,525
Non-instructional programs	3,952	-	3,952
Total Expenditures	<u>\$ 160,383</u>	<u>\$ 218,992</u>	<u>\$ 379,375</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -59,012	\$ 27,737	\$ -31,275
Fund balances beginning of year, as restated	176,699	133,807	310,506
Fund balances end of year	<u>\$ 117,687</u>	<u>\$ 161,544</u>	<u>\$ 279,231</u>

See accompanying independent auditor's report.

## Nashua-Plainfield Community School District

Combining Balance Sheet  
Capital Project Accounts

June 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 344,419	\$ 181,606	\$ 526,025
Receivables:			
Property Tax:			
Delinquent	-	1,837	1,837
Succeeding year	-	133,644	133,644
Due from other governments	95,620	-	95,620
<b>Total Assets</b>	<b>\$ 440,039</b>	<b>\$ 317,087</b>	<b>\$ 757,126</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 21,827	\$ 11,265	\$ 33,092
Deferred revenue:			
Succeeding year property tax	-	133,644	133,644
Total Liabilities	\$ 21,827	\$ 144,909	\$ 166,736
Fund Balances:			
Restricted for:			
School infrastructure	\$ 418,212	\$ -	\$ 418,212
Physical plant and equipment	-	172,178	172,178
Total fund balances	\$ 418,212	\$ 172,178	\$ 590,390
<b>Total Liabilities and Fund Balances</b>	<b>\$ 440,039</b>	<b>\$ 317,087</b>	<b>\$ 757,126</b>

See accompanying independent auditor's report.

**Nashua-Plainfield Community School District**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Capital Project Accounts**

**Year Ended June 30, 2011**

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local Sources:			
Local tax	\$ 484,693	\$ 127,573	\$ 612,266
Other	17,224	67,851	85,075
State sources	-	96	96
Federal sources	-	12,487	12,487
Total Revenues	\$ 501,917	\$ 208,007	\$ 709,924
Expenditures:			
Current:			
Instruction:			
Regular instruction	\$ 6,652	\$ -	\$ 6,652
Support Services:			
Instructional staff service	29,028	84,747	113,775
Administrative services	1,175	-	1,175
Operation and maintenance of plant services	6,657	-	6,657
Transportation services	921	74,499	75,420
Non-instructional programs	10,281	-	10,281
Other Expenditures:			
Facilities acquisition	439,773	19,621	459,394
Total Expenditures	\$ 494,487	\$ 178,867	\$ 673,354
Excess (deficiency) of revenues over (under) expenditures	\$ 7,430	\$ 29,140	\$ 36,570
Fund balances beginning of year, as restated	\$ 410,782	\$ 143,038	\$ 553,820
Fund Balances End of Year	\$ 418,212	\$ 172,178	\$ 590,390

See accompanying independent auditor's report.

## Nashua-Plainfield Community School District

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2011

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra-fund Transfers	Balance End of Year
Drama & speech	\$ 3,911	\$ 6,745	\$ 3,094	\$ -	\$ 7,562
Vocal music	1,594	57	821	-	830
Instrumental music	8	5,750	3,945	-	1,813
Golf	270	325	1,395	900	100
Basketball	5,020	9,328	4,969	-1,400	7,979
Football	11,218	17,389	6,333	-7,900	14,374
Baseball	503	400	5,660	4,800	43
Track	4,252	5,038	4,139	-184	4,967
Wrestling	65	12,786	10,865	-	1,986
Volleyball	2,778	5,263	6,049	-	1,992
Softball	-16	828	3,859	3,100	53
Annual fund	3,821	3,792	8,349	736	-
FFA	4,378	23,734	24,409	-	3,703
Student Council	3,060	3,335	3,023	-	3,372
FHA	633	4,420	4,928	622	747
FSC-STW	911	37	132	-	816
Cheerleaders	3,230	6,087	6,453	-	2,864
Honor Society	427	345	427	-	345
National FFA Conference	7,347	28,300	26,794	-	8,853
TAG	377	6,680	5,479	-623	955
French Club	16	-	-	-	16
Future Teachers	346	-	-	-	346
Secondary Teachers	1,067	2,237	2,177	-	1,127
S.A.D.D./Stay-Safe/S.H.A.R.E.	1,268	215	714	-	769
Elementary Teachers	573	2,111	1,580	-	1,104
Technology	53	-	-	-	53
Industrial Tech Resale	643	2,806	2,957	-	492
Student pictures	409	250	8	-	651
Adult education	135	-	-	-	135
Interest received	4,784	1,365	-	-	6,149
Class of 2009	686	-	-	-686	-
Class of 2010	2,974	500	2,798	-676	-
Class of 2011	2,522	1,730	2,453	-	1,799
Class of 2012	228	11,977	8,153	-	4,052
Class of 2013	327	-	32	-	295
Class of 2014	360	-	-	-	360
Class of 2015	67	213	-	-	280
Class of 2016	-	64	-	-	64
Elementary Technology	10,788	11,469	7,331	-	14,926
High School Activities	1,742	80	45	627	2,404
Cross Country	35	90	505	500	120
Football Discretionary	1,328	6,351	4,378	-	3,301
Girls Basketball Discretionary	2,304	7,686	6,072	-	3,918
Golf Discretionary	261	447	550	-	158
Boys Basketball Discretionary	-55	4,770	2,919	-	1,796
Baseball Discretionary	157	2,097	1,558	-	696

## Nashua-Plainfield Community School District

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2011

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra-fund Transfers	Balance End of Year
Advanced Drafting	\$ -	\$ 800	\$ 781	\$ -	\$ 19
Cross Country Discretionary	250	-	-	-	250
Boys Track Discretionary	132	572	888	184	-
Volleyball Discretionary	250	1,849	1,446	-	653
Softball Discretionary	-	-	-	-	-
Girls Track Discretionary	250	-	-	-	250
Track maintenance	13,926	283	-	-	14,209
Weight room/Fitness center	5,639	6,333	4,720	-	7,252
Petty cash	1,392	5,178	2,903	-	3,667
General athletics	508	3,913	2,866	-	1,555
Nashua Elementary activities	2,802	236	192	-	2,846
Athletic store	1,767	4,623	3,344	-	3,046
Elementary student store	847	2,465	2,287	-	1,025
High School student store	807	709	806	-	710
Nashua Elementary playground equipment	3,816	-	-	-	3,816
Middle School music	25	477	981	479	-
Middle School Student Council	6,390	1,979	1,408	-479	6,482
Middle School technology	2,196	355	188	-	2,363
Middle School activities	5,522	19,860	20,829	-	4,553
Character Counts	483	-	-	-	483
Total	\$ 133,807	\$ 246,729	\$ 218,992	\$ -	\$ 161,544

See accompanying independent auditor's report.



**Nashua-Plainfield Community School District**  
**Schedule of Revenues by Source and Expenditures by Function**  
**All Governmental Funds**  
**For the Last Eight Years**

	Modified Accrual Basis			
	2011	2010	2009	2008
Revenues:				
Local Sources:				
Local tax	\$ 3,246,282	\$ 3,025,914	\$ 2,953,018	\$ 2,833,495
Tuition	144,410	184,687	224,523	188,543
Other	441,627	305,533	368,198	352,614
Intermediate sources	-	-	-	2,530
State sources	3,423,314	3,156,903	3,500,756	3,530,961
Federal sources	335,274	681,756	188,729	185,279
Total	<u>\$ 7,590,907</u>	<u>\$ 7,354,793</u>	<u>\$ 7,235,224</u>	<u>\$ 7,093,422</u>
Expenditures:				
Instruction:				
Regular instruction	\$ 3,233,831	\$ 3,245,865	\$ 3,129,623	\$ 3,086,852
Special instruction	630,871	604,452	687,910	589,413
Other instruction	842,773	782,544	763,154	706,383
Support services:				
Student services	229,652	230,768	216,388	195,898
Instructional staff services	239,475	219,197	210,615	175,930
Administrative services	646,305	587,679	636,667	611,651
Operation and maintenance of plant services	435,866	471,973	468,198	465,465
Transportation services	375,745	364,008	401,494	346,171
Community services	-	-	-	-
Non-instructional programs	14,233	5,018	16,828	5,301
Other expenditures:				
Facilities acquisition	459,394	271,175	517,318	260,544
AEA flow-through	292,258	291,059	246,919	240,053
Total	<u>\$ 7,400,403</u>	<u>\$ 7,073,738</u>	<u>\$ 7,295,114</u>	<u>\$ 6,683,661</u>

See accompanying independent auditor's report.

Modified Accrual Basis			
2007	2006	2005	2004
\$ 2,765,485	\$ 2,582,090	\$ 2,015,222	\$ 1,999,609
160,222	132,310	133,773	144,401
344,622	413,969	785,052	654,053
3,231	-	-	-
3,441,149	3,311,229	3,264,558	3,073,520
163,886	230,468	190,960	274,898
<u>\$ 6,878,595</u>	<u>\$ 6,670,066</u>	<u>\$ 6,389,565</u>	<u>\$ 6,146,481</u>

\$ 2,915,064	\$ 2,838,904	\$ 2,670,232	\$ 2,743,482
566,118	642,830	660,328	779,077
698,995	730,935	762,130	598,937
174,235	202,616	212,293	208,976
134,243	160,517	110,228	54,679
616,741	612,256	631,253	565,325
487,242	474,268	463,538	456,516
436,742	402,133	328,963	310,144
-	-	893	7,540
6,261	2,777	2,220	1,910
188,616	477,084	196,480	153,307
235,999	223,304	222,440	225,176
<u>\$ 6,460,256</u>	<u>\$ 6,767,624</u>	<u>\$ 6,260,998</u>	<u>\$ 6,105,069</u>

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
with Government Auditing Standards**

Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
with Government Auditing Standards

To the Board of Education of  
Nashua-Plainfield Community School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Nashua-Plainfield Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated March 27, 2012. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Nashua-Plainfield Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Nashua-Plainfield Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Nashua-Plainfield Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, I identified a deficiency in internal control over financial reporting that I consider to be a material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-A-11 to be a material weakness.

### Compliance and Other Matters

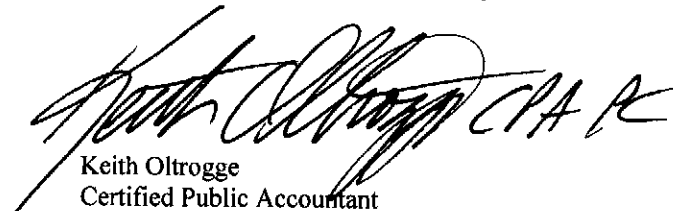
As part of obtaining reasonable assurance about whether Nashua-Plainfield Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Nashua-Plainfield Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit Nashua-Plainfield Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Nashua-Plainfield Community School District and other parties to whom Nashua-Plainfield Community School District may report, including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Nashua-Plainfield Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Keith Oltrogge  
Certified Public Accountant

March 27, 2012

**Nashua-Plainfield Community School District**

**Schedule of Findings**

**Year Ended June 30, 2011**

**Part I – Findings Related to the General Purpose Financial Statements**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**INTERNAL CONTROL DEFICIENCIES:**

I-A-11 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that the cash receipts listing, bank deposits, and the posting of the cash receipts to the cash receipts journal were all done by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded and checks are prepared by the same person.

Recommendation – With the limited number of personnel involved in accounting for District activity, an ideal system of segregation of accounting duties and functions cannot be achieved to assure adequate internal control over the safeguarding of assets and the reliability of financial records and reporting. This is not unusual in an organization of your size. Under these circumstance, the most effective controls lie in (1) the administration's and the board's knowledge of the District's financial operations and (2) striving to obtain as much segregation of duties as possible so that no one person has complete control of any type of financial transactions. I believe these controls are being effectively utilized in the District and recommend that diligent efforts be made to maintain their effectiveness.

Response – We will work on segregating duties whenever possible.

Conclusion – Response accepted.

## Nashua-Plainfield Community School District

### Schedule of Findings

Year Ended June 30, 2011

#### **Part II - Other Findings Related to Statutory Reporting:**

II-A-11 Certified Budget – Expenditures for the year ended June 30, 2011 did not exceed the certified budget amounts.

II-B-11 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-11 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-11 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title & Business Connection	Transaction Description	Amount
Hannemann Construction, Owned by Spouse of Kristi Hannemann, Teacher	Construction	\$2,500
S & T Auto, Owned by spouse of Tami Sudol, Cook	Repairs & Towing	\$164
Nashua Welding, Owned by Gail Zwanziger, Board Member	Repairs	\$45
Dietz Construction, Owned by Son of Employee	Repairs	\$1,520

In accordance with Chapter 362.5 of the Code of Iowa, the transaction with Hannemann Construction may represent a conflict of interest for the bus barn insulation since the total purchase exceeded the total of \$1,500 for the year and the bus barn project was not entered into through competitive bidding in accordance with Chapter 362.5(4).

Recommendation – The District should use a competitive bidding process for amounts over \$1,500.

Response – We will use competitive bidding in the future.

Conclusion – Response accepted.

II-E-11 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

II-F-11 Board Minutes – No transactions requiring Board approval, which had not been approved by the Board, were noted. Not all minutes with all disbursements were published as required by Chapter 279.35 of the Code of Iowa.

Recommendation – The Board Secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting, and include all disbursements from all funds.

Response – Procedures have been revised to ensure the minutes are published as required.

Conclusion – Response accepted.

**Nashua-Plainfield Community School District**

**Schedule of Findings**

**Year Ended June 30, 2011**

**Part II - Other Findings Related to Statutory Reporting (continued):**

- II-G-11 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-11 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-J-11 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely.
- II-K-11 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-10 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	410,782
Revenues/transfers in:			
Sales tax revenues	\$	429,404	
Other local revenues		17,224	
School infrastructure supplemental amount		55,289	501,917
			<hr/>
		\$	912,699
Expenditures/transfers out:			
School infrastructure construction	\$	190,483	
Land purchased		249,290	
Equipment		54,714	494,487
			<hr/>
Ending balance		\$	<u>418,212</u>



**Nashua-Plainfield Community School District**

**Schedule of Findings**

**Year Ended June 30, 2011**

**Part II - Other Findings Related to Statutory Reporting (continued):**

For the year ended June 30, 2011, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	\$ 0.0000	\$ 484,693
Physical plant and equipment levy	-	-
Public educational and recreational levy	-	-